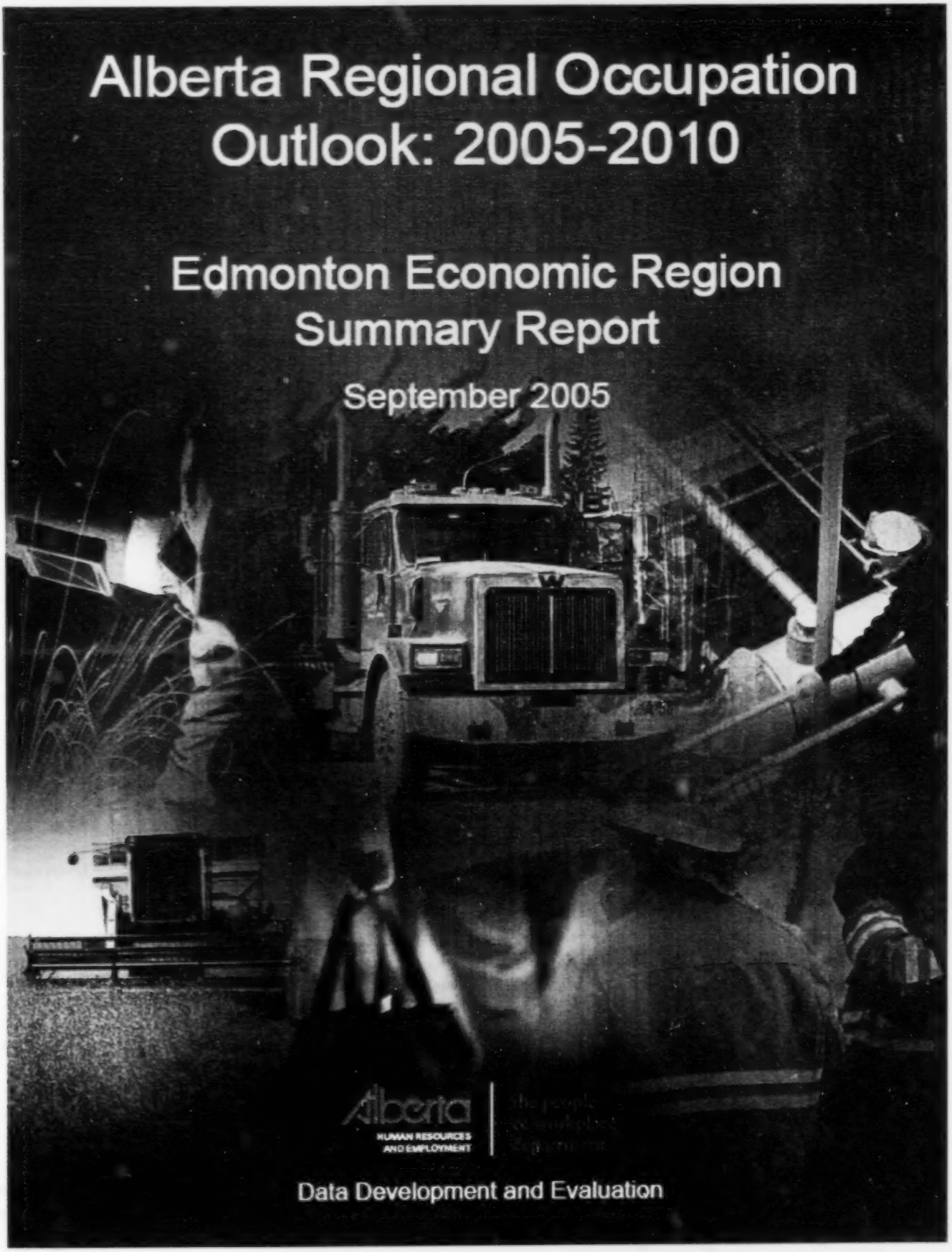
Alberta Regional Occupation Outlook: 2005-2010

Edmonton Economic Region Summary Report

September 2005



Alberta
HUMAN RESOURCES AND EMPLOYMENT

Data Development and Evaluation

Alberta Human Resources and Employment (AHRE) has continued to develop a regional occupation model that produces employment projections for 140 different occupations across Alberta and for the eight economic regions. This forecast is a useful tool for the Government of Alberta to help address related policy issues and to aid in developing responsive strategies.

The forecast summarizes expected employment by industry, occupation, and economic region. Industries are classified using the North American Industry Classification System (NAICS). Occupations are classified by the National Occupational Classification (NOC) system. For more information regarding these classification systems please visit the websites listed below.

This document provides a broad overview of the results of the forecast for the Edmonton Economic Region. A complete listing of the employment projections is available for all eight economic regions (47 occupations) and for Alberta (140 occupations) on the AHRE website listed below.

- **NAICS** - http://www.statcan.ca/english/Subjects/Standard/naics/2002/naics02-index.htm
- **NOC** - http://www23.hrdc-drhc.gc.ca/2001/e/generic/welcome.shtml
- **AHRE Employment Projections** - http://www3.gov.ab.ca/hre/lmi/occforecast.asp

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GDP is expected to grow by 3.4% annually

From 1994-2004, Alberta's economy was one of the fastest growing provincial economies in Canada. Gross Domestic Product (GDP) output in the province grew by an annual average of 3.8%. Employment in the province grew by more than 470,200 jobs over the past ten years. Over the forecast period of 2005-2010, GDP growth in Alberta is expected to average 3.3% annually. This is slightly higher than the expected average annual GDP growth of 3.2% for Canada.

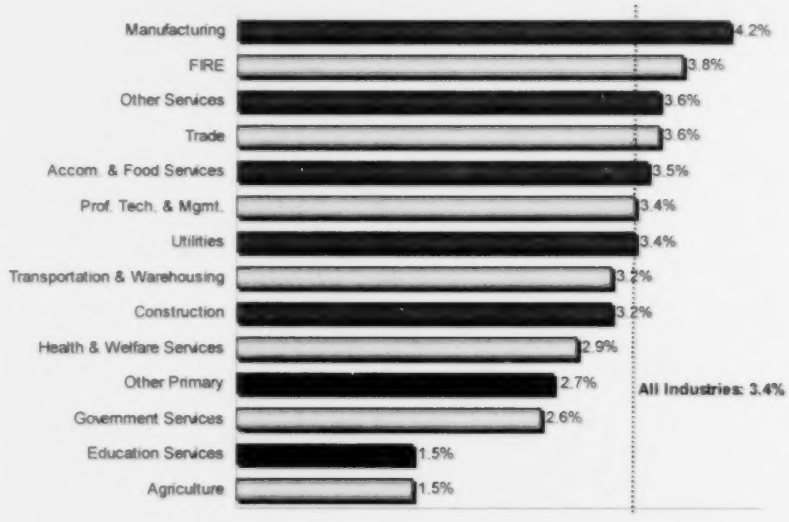
The Edmonton Economic Region currently contributes the second largest share (behind the Calgary Economic Region) of Alberta's GDP among the eight economic regions. Over the forecast period, GDP output in this region is expected to grow by 3.4% annually, second only to the Wood Buffalo-Cold Lake Economic Region.

The Manufacturing industry will show strong GDP growth

The Manufacturing industry will show the highest average GDP growth of any industry, at 4.2% annually. Several upgrades and new facilities in the area increased growth for this industry. High GDP growth rates are also expected for the Finance, Insurance, and Real Estate industry (+3.8%), the Other services industry (+3.6%) and the Trade industry (+3.6%). Chart 1 shows the average GDP growth for all industries over the forecast period.

Chart 1

Projected Real GDP Growth by Industry
2005-2010 Average



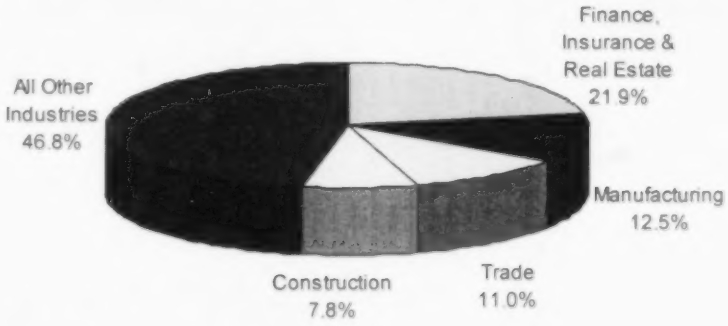
Source: Alberta Regional Occupation Outlook: 2005-2010

Two industries will account for over one third of total GDP

In the Edmonton Economic Region, the Finance, Insurance, and Real Estate industry and the Manufacturing industry (mainly oil and gas related manufacturing) will account for over one third of total GDP output over the forecast period. Over half of the region's GDP comes from four industries (see Chart 2). Together, the Finance, Insurance, and Real Estate industry, the Manufacturing industry, the Trade industry, and the Construction industry account for 53.2% of the region's total GDP.

Chart 2

Industry Shares of Total GDP, 2005-2010



Source: Alberta Regional Occupation Outlook: 2005-2010

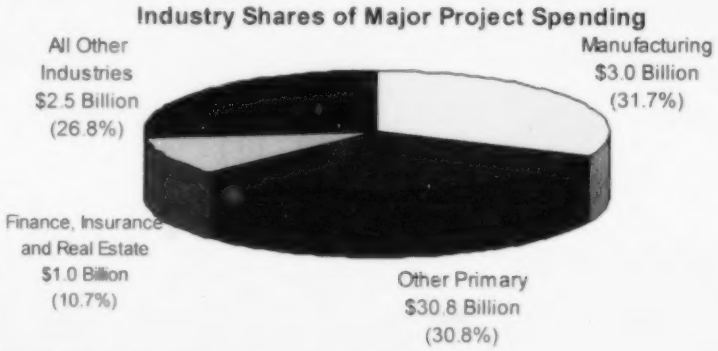
Major investment projects in the region are valued at over $9 Billion

One of the most important factors to consider when estimating the future growth of a regional economy is the spending on major projects. The development of these projects creates jobs during planning, construction and upon completion. The list includes projects that are proposed, under construction or recently completed in the Edmonton Economic Region. Only projects with a value of at least $2 Million are included. These projects have a significant effect on employment in the Construction industry and also create employment in many other industries such as Trade and Manufacturing.

Manufacturing industry related projects will account for 32% of total spending

Manufacturing industry related projects such as bitumen upgraders and various plant facilities, will account for approximately 32% of all major project spending in the Edmonton Economic Region (see Chart 3). The region's largest project is Shell Canada's Scotford Upgrader Expansion. This project is scheduled to begin in 2006 and be complete by 2010 at a total cost of $2.7 Billion. Several Other Primary related projects are also planned or underway in the region, totaling over $30.8 Billion in value. Chart 3 summarizes the major project spending in the Edmonton Economic Region.

Chart 3


Industry Shares of Major Project Spending
All Other Industries $2.5 Billion (26.8%)
Manufacturing $3.0 Billion (31.7%)
Finance, Insurance and Real Estate $1.0 Billion (10.7%)
Other Primary $30.8 Billion (30.8%)

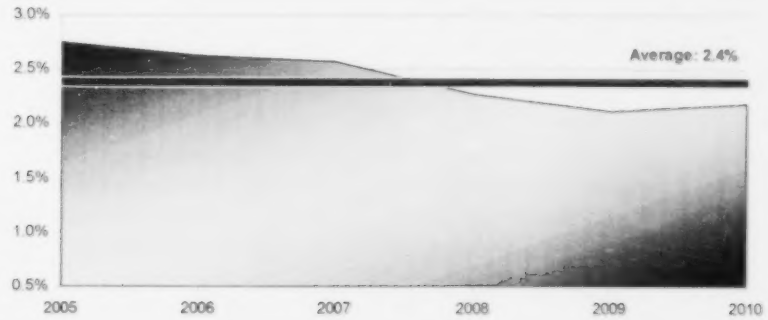
Source: Alberta Regional Occupation Outlook: 2005-2010

Employment growth is expected to average 2.4% annually

Over the forecast period of 2005-2010, employment in the Edmonton Economic Region is expected to climb from 577,700 in 2004 to 666,700 in 2010. This represents an average growth rate of 2.4% annually and the creation of over 88,900 new jobs. The region's unemployment rate is expected to remain stable and will average 4.6% over the forecast period. As shown in Chart 4, the region's employment growth rate will experience very little variation over the forecast period. This stability is likely due to the sheer size of the region's economy and its wide diversity. As time passes, new projects may be announced that could affect these projections. If high oil prices are maintained, employment growth could be higher than anticipated. The Edmonton Economic Region supplies many of the components used in the oil sands mega-projects in northern Alberta.

Chart 4

Average Annual Employment Growth (%), 2005-2010



Source: Alberta Regional Occupation Outlook: 2005-2010

Over 88,900 new jobs will be created in the Edmonton Economic Region

The Edmonton Economic Region will generate over 88,900 new jobs over the forecast period of 2005-2010. Employment in service related industries will continue to be very important. Approximately three quarters of the region's total employment is in service related industries. The region also accounts for almost half of the province's employment in the Government Services industry. The region will account for over one third of all new jobs in Alberta.

The Trade industry will provide more new jobs than any other industry

The employment outlook is broken out intoan fourteen different industries. The Trade industry is expected to generate over 15,000 new jobs over the forecast period, the most for any single industry (see Chart 5). Other industries generating a large number of new jobs include: Manufacturing (+10,400), and Health Care and Social Assistance (+9,500). The Trade industry is vital to the City of Edmonton, which also acts as a gateway to Alberta's northern regions. The region's Health Care and Social Assistance industry is thriving in the due to the aging population and increase demand for these health related services.

Strong employment growth rates are expected in the Finance, Insurance and Real Estate industry

The region's Finance, Insurance and Real Estate industry is expected to average employment growth of 3.2% over the forecast period. The Manufacturing industry will average 3.0% growth. The strong employment growth in several industries points to the region's success in developing a diversified economy.

Chart 5

New Jobs by Industry
2005-2010

Source: Alberta Regional Occupation Outlook: 2005-2010 *Share of total new jobs in brackets (%)

The Retail Salesperson and Sales Clerk occupation is expected to create more new jobs than any other occupation

At the 140 occupational level, the Retail Salesperson and Sales Clerk occupation is expected to create over 3,700 new jobs from 2005 to 2010. This classification includes Retails Salesperson and Sales Clerks. An ageing workforce along with an increasing demand for retail trade are contributing factors to the high number of new jobs in this occupation. Other occupations expected to generate a significant number of new jobs include: Clerical Occupations (+3,153), Finance and Insurance Clerks (+2,332), and Cleaners (+2,213). Please see Table 1 below.

High growth rates are expected in a wide variety of occupations

Stationary Engineers and Power Station and Systems Operators are expected to experience the highest average growth rates in employment of any of the 140 occupations, at 9.3% annually. Other occupations that will show strong employment growth rates include: Crane Operators, Drillers and Blasters (+8.0%), Legislators and Senior Management (+6.5%), and Managers in Primary Production (except agriculture) (+5.9%). The importance of the various Management occupations is well represented by this listing of high growth occupations.

Table 1

New Jobs by Occupation, 2005-2010

NOC Occupations	New Jobs	Share of Total
Retail Salesperson and sales clerks	3,742	4.2%
Clerical occupations, general office skills	3,153	3.5%
Finance and insurance clerks	2,332	2.6%
Cleaners	2,213	2.5%
Managers in retail trade	2,051	2.3%
Administrative and regulatory occupations	1,981	2.2%
Secondary/elementary teachers and education councellors	1,972	2.2%
Auditors, accountants and investment professionals	1,954	2.2%
Occupations in food and beverage service	1,911	2.1%
Metal forming, shaping and erecting trades	1,768	2.0%

Source: Alberta Regional Occupation Outlook: 2005-2010